



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

June 16, 2009

MEMORANDUM

To: Representative Van Roy

From: Joseph T. Kreye, Sr. Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2009 AB 300** (LRB-2801/1) **by DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

June 11, 2009

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on AB 300 (LRB 2801/1) – Credit for Property Taxes Paid on Restaurant Kitchen Equipment

The Department has the following technical concerns with the above-referenced bill:

- Because the amount of property tax related to restaurant equipment is not listed separately on the property tax bill, it would be difficult for taxpayers to calculate the amount of the credit and for the Department to verify the correct amount of credit is being claimed. Paragraph (5n)(b) in each of the three subsections should provide that the claimant must attach a copy of the paid property tax bill as well as the completed statement of personal property that the taxpayer submits to their local assessor that specifically lists the value of the qualifying machinery under s. 70.11(27)(a)2.
- In addition, the author may wish to require that any state aid or credit that reduces the tax on the property tax bill reduce the amount of property tax that qualifies for the credit. Paragraph (5n)(b) in each of the three subsections should provide that the credit is for the net tax paid on the qualifying machinery.
- The bill allows a credit for the property taxes "paid in the taxable years on machinery and equipment... used primarily in a restaurant's kitchen." The bill defines the term "machinery", but does not define the term "equipment". The author may wish to include a definition for "equipment".
- Subdivision (5n)(a)3. in each of the subsections provides that "restaurant" includes snack bars and beverage bars. Does a bar that sells mainly alcoholic beverages and snacks or limited food items qualify? The author may wish to clarify this.
- The statute of limitations for income and franchise taxes is four years. However, an assessment for manufacturing property may be changed within five years. The bill does not address what the taxpayer would do in the event that the property taxes owed for eligible machinery and equipment was changed after the statute of limitations had expired for that tax year.
- The effective date would be a problem only if the bill were enacted later in the year after forms had been finalized for printing. It would be preferable to add that if enacted after July 31, this would first apply to taxable years beginning on January 1 after date of enactment.

If you have any questions regarding this technical memorandum, please contact Michael Oakleaf at 261-5173 or via email at Michael.oakleaf@revenue.wi.gov.

cc: Rep. Van Roy